

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1720 – HB 2051

February 26, 2018

**SUMMARY OF ORIGINAL BILL:** Creates a voluntary employee retirement accounts program to provide a group retirement program for private employers electing to participate in the program. Creates the Voluntary Employee Retirement Accounts Program Fund (VERAPF) to consist of funds received from enrollees and participating employers.

Creates the Voluntary Employee Retirement Accounts Board (Board) which will include the Comptroller of the Treasury, the Commissioner of the Department of Finance and Administration, two public members appointed by the Governor, a representative of employers appointed by the Governor, a representative of enrollees appointed by the Governor, and the State Treasurer who will serve as the chair. Requires members to serve without compensation but be reimbursed for travel expenses incurred. Requires the Board to invest funds in the VERAPF. Requires contributions to the VERAPF be used for the purpose of paying benefits to enrollees, for the cost of administration of the program, and for investments made for the benefit of the program.

Requires a trustee be appointed to the VERAPF. Authorizes necessary contracts and employment of a staff for the administration of the VERAPF. Authorizes an internet website be established and maintained by the state. Authorizes administrative costs associated with creation of the program to be paid by the state. Authorizes the use of money deposited to the VERAPF to be used to reimburse the state for initial administrative expenses.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue –

- Exceeds \$250,000/FY18-19/VERAPF
- Exceeds \$750,000/FY19-20/VERAPF
- Exceeds \$1,000,000/FY20-21/VERAPF
- Exceeds \$250,000/FY21-22/General Fund
- Exceeds \$1,250,000/FY21-22/VERAPF
- Exceeds \$750,000/FY22-23/General Fund
- Exceeds \$1,750,000/FY22-23 and Subsequent Years/VERAPF

Increase State Expenditures –

- Exceeds \$250,000/FY18-19/General Fund
- Exceeds \$250,000/FY18-19/VERAPF
- Exceeds \$750,000/FY19-20/General Fund
- Exceeds \$750,000/FY19-20/VERAPF
- Exceeds \$1,000,000/FY20-21/VERAPF

SB 1720 – HB 2051

Exceeds \$1,250,000/FY21-22/VERAPF

Exceeds \$1,750,000/FY22-23/VERAPF

Exceeds \$1,000,000/FY23-24 and Subsequent Years/VERAPF

**SUMMARY OF AMENDMENT (012736):** Deletes all language after the enacting clause. Authorizes the State Treasurer to establish a voluntary employee retirement account program for employers and employees in Tennessee. Requires the Commissioner of Finance and Administration, the Chairs of the Finance, Ways and Means Committee of the Senate and the House of Representatives, and the Treasurer to serve as trustees for the program. Authorizes the trustees to delegate, to the Treasurer, responsibilities for operation of the program. Authorizes the Treasurer to assess costs to administer the program such that the program operates without cost to the state.

### **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

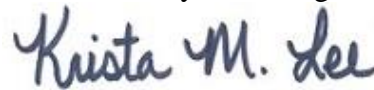
**Other Fiscal Impact – The precise fiscal impact is dependent on participation in the program; however, any increase in state expenditures for the Treasurer will be offset by an equal increase in state revenue for the Treasurer. The net impact is estimated to be not significant.**

Assumptions for the bill as amended:

- The trustees will delegate responsibilities for implementing and administering the program to the Treasurer; therefore, any impact on the General Assembly, or Finance and Administration will be not significant.
- Any fees assessed by the Treasurer will be dependent on the number of employers participating in the program, the number of employees participating, and the extent of such participation.
- The precise increase in state expenditures for the Treasurer to administer the program cannot be reasonably determined; however, any increase in state expenditures to the Treasurer will be offset by fees resulting in an equal increase in state revenue to the Treasurer. The net impact is estimated to be not significant.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/jaw